

April 21, 2000

Mr. Thomas J. Palmisano
Site Vice President and General Manager
Palisades Nuclear Generating Plant
Consumers Energy Company
27780 Blue Star Memorial Highway
Covert, MI 49043-9530

SUBJECT: NRC SECURITY INSPECTION REPORT 50-255/2000006(DRS)

Dear Mr. Palmisano:

On April 3 through 7, 2000, the NRC completed a baseline inspection at your Palisades Nuclear Power Plant. The enclosed report presents the results of that inspection. The results were discussed with Mr. D. Cooper and other members of your staff on that date.

The inspection was an examination of activities conducted under your license as they relate to the Safeguards Strategic Performance Area and compliance with the Commission's rules and regulations and with the conditions of your license. Within this area, the inspection consisted of a selected examination of procedures and representative records, observations of activities, and interviews with personnel. Specifically, this inspection focused on your performance involving the access control and access authorization programs, and review of Performance Indicator (PI) information.

Based on the results of this inspection, the NRC did not identify any issues which were categorized as being of risk significance.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter and its enclosure will be placed in the NRC Public Electronic Reading Room (PERR) link at the NRC homepage, <http://www.nrc.gov/NRC/ADAMS/index.html>.

Sincerely,

/RA/

James R. Creed
Safeguards Program Manager
Division of Reactor Safety

Docket No. 50-255
License No. DPR-20

Enclosure: Inspection Report 50-255/2000006(DRS)

See Attached Distribution

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DATE	04/20/00		04/21/00		04/21/00			

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cc w/encl: R. Fenech, Senior Vice President, Nuclear
Fossil and Hydro Operations
N. Haskell, Director, Licensing and Performance Assessment
R. Whale, Michigan Public Service Commission
Michigan Department of Environmental Quality
Department of Attorney General (MI)
Emergency Management Division, MI Department
of State Police

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Fossil and Hydro Operations
N. Haskell, Director, Licensing and Performance Assessment
R. Whale, Michigan Public Service Commission
Michigan Department of Environmental Quality
Department of Attorney General (MI)
Emergency Management Division, MI Department
of State Police

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U. S. NUCLEAR REGULATORY COMMISSION

REGION III

Docket No: 50-255
License No: DPR-20

Report No: 50-255/2000006(DRS)

Licensee: Consumers Energy

Facility: Palisades Nuclear Generating Plant

Location: 27780 Blue Star Memorial Highway
Covert, MI 49093-9530

Dates: April 3-7, 2000

Inspector: T. J. Madedo, Physical Security Inspector

Approved by: James R. Creed, Safeguards Program Manager
Division of Reactor Safety

NRC's REVISED REACTOR OVERSIGHT PROCESS

The federal Nuclear Regulatory Commission (NRC) recently revamped its inspection, assessment, and enforcement programs for commercial nuclear power plants. The new process takes into account improvements in the performance of the nuclear industry over the past 25 years and improved approaches of inspecting and assessing safety performance at NRC licensed plants.

The new process monitors licensee performance in three broad areas (called strategic performance areas): reactor safety (avoiding accidents and reducing the consequences of accidents if they occur), radiation safety (protecting plant employees and the public during routine operations), and safeguards (protecting the plant against sabotage or other security threats). The process focuses on licensee performance within each of seven cornerstones of safety in the three areas:

Reactor Safety	Radiation Safety	Safeguards
<ul style="list-style-type: none">● Initiating Events● Mitigating Systems● Barrier Integrity● Emergency Preparedness	<ul style="list-style-type: none">● Occupational● Public	<ul style="list-style-type: none">● Physical Protection

To monitor these seven cornerstones of safety, the NRC uses two processes that generate information about the safety significance of plant operations: inspections and performance indicators. Inspection findings will be evaluated according to their potential significance for safety, using the Significance Determination Process, and assigned colors of GREEN, WHITE, YELLOW or RED. GREEN findings are indicative of issues that, while they may not be desirable, represent very low safety significance. WHITE findings indicate issues that are of low to moderate safety significance. YELLOW findings are issues that are of substantial safety significance. RED findings represent issues that are of high safety significance with a significant reduction in safety margin.

Performance indicator data will be compared to established criteria for measuring licensee performance in terms of potential safety. Based on prescribed thresholds, the indicators will be classified by color representing varying levels of performance and incremental degradation in safety: GREEN, WHITE, YELLOW, and RED. GREEN indicators represent performance at a level requiring no additional NRC oversight beyond the baseline inspections. WHITE corresponds to performance that may result in increased NRC oversight. YELLOW represents performance that minimally reduces safety margin and requires even more NRC oversight. And RED indicates performance that represents a significant reduction in safety margin but still provides adequate protection to public health and safety.

The assessment process integrates performance indicators and inspection so the agency can reach objective conclusions regarding overall plant performance. The agency will use an Action Matrix to determine in a systematic, predictable manner which regulatory actions should be taken based on a licensee's performance. The NRC's actions in response to the significance (as represented by the color) of issues will be the same for performance indicators as for inspection findings. As a licensee's safety performance degrades, the NRC will take more and increasingly significant action, which can include shutting down a plant, as described in the Action Matrix.

More information can be found at: <http://www.nrc.gov/NRR/OVERSIGHT/index.html>.

SUMMARY OF FINDINGS

Palisades Nuclear Power Plant NRC Inspection Report 50-255/2000006(DRS)

The report covers a five day, announced inspection by a regional security specialist. This inspection focused on the Physical Protection Cornerstone, within the Safeguards Strategic Assessment area, and included a review of the access authorization program, access control program, performance indicator verification, and identification and resolution of problems.

Cornerstone: Physical Protection

- There were no findings identified and documented during this inspection.

Performance Indicator Verification

- The Protected Area Security Equipment Performance, Personnel Screening Program and Fitness-For-Duty (FFD)/Personnel Reliability Data were evaluated. The inspector verified that the licensee had properly gathered information, and reported that information through Performance Indicators. Each indicator was in the Green Band (Section 4CC2).

Report Details

3. SAFEGUARDS

Cornerstone: Physical Protection

3PP1 Access Authorization (AA) Program (Behavior Observation)

a. Inspection Scope

The inspector interviewed three supervisors and seven non-supervisors (both licensee and contractor personnel) to determine their knowledge level and practice of implementing the licensee's behavior observation program responsibilities as required. Selected procedures pertaining to the Behavior Observation Program and associated training activities were also reviewed.

The inspector reviewed a sample of licensee's records to verify the implementation of the licensee's assessment and corrective action program. Specifically, three self-assessments, and three calendar quarters of logged security events that involved access authorization behavioral observation and fitness for duty were reviewed to determine their scope to correctly identify issues that involved the behavioral observation program. The inspector also reviewed licensee corrective action to determine that it was properly focused in the areas of identification, evaluation of risk significance, root cause analyses, performance trending, and short term corrective actions regarding behavioral observation activities.

b. Observations and Findings

There were no findings identified and documented during this inspection.

3PP2 Access Control (Identification, Authorization and Search of Personnel, Packages, and Vehicles)

a. Inspection Scope

The inspector reviewed licensee protected area access control testing and maintenance procedures. The inspector observed licensee testing of all access control equipment to determine if testing and maintenance practices were performance based. On two occasions during peak ingress periods, the inspector observed in-processing search of personnel, packages, and vehicles to determine that search practices were conducted in accordance with regulatory requirements. Interviews were conducted and records were reviewed to verify that staffing levels were consistently implemented. The inspector reviewed access control measures to verify that program requirements did not allow multiple entries to the protected area without logging offsite. Also the inspector verified the licensee's process for limiting access to only authorized personnel to the protected area or vital equipment by a sample review of access control records and interviews with security management personnel. The inspector reviewed the licensee's program to

control hard-keys and computer input of personnel data to verify program responsibilities as required.

The inspector reviewed two licensee self-assessments and audits; three randomly selected security event reports; and three calendar quarters of security drills, logs, and maintenance work requests regarding protected area access control activities. The inspector also interviewed several licensee and contract security management personnel to evaluate their knowledge and use of the licensee's corrective action system, and to determine whether the risk significance of the findings were properly addressed.

b. Observations and Findings

There were no findings identified and documented during this inspection.

4OA2 Performance Indicator Verification

a. Inspection Scope

The inspector reviewed the licensee's program for identifying, gathering, and submitting data for the Physical Protection Performance Indicators (PI) pertaining to Protected Area Equipment, Personnel Screening, and Fitness-For-Duty/Personnel Reliability Programs for calendar year 1999. A sample of historical records and data for each PI were reviewed to validate the accuracy of the data. The licensee's methodology for determining data and calculating reported values were also reviewed. The inspector also reviewed a sample of plant reports related to security and fitness-for-duty events and other applicable records to validate PI accuracy.

b. Observations and Findings

There were no findings identified and documented during this inspection. Each Physical Protection PI was in the Green Band.

4OA5 Management Meeting

.1 Exit Meeting Summary

The inspector presented the inspection results to Mr. Copper, Plant General Manager, and other members of licensee management at the conclusion of the onsite inspection on April 7, 2000. The licensee's representatives acknowledged the inspector's remarks. No proprietary or safeguards information was discussed.

PARTIAL LIST OF PERSONS CONTACTED

Licensee

Y. Cornell, Director, Human Resources
D. Cooper, Plant General Manager
S. Cote, Property Protection Supervisor
K. Haas, Engineering Director
N. Haskell, Director Licensing
S. King, Senior Technical Analysis
J. Lewis, Manager, Human Resources
M. Nock, Business Support Consultant
B. Rabideau, Business Support Consultant
C. Ritt, Director, Plant Support
R. Vincent, Supervisor, Licensing Support

Burns Security

L. Bean, Executive Vice President, Operations
T. Casy, Administrative Manager
J. Haverly, QA Manager
M. Kaiser, Training Manager
M. Sowers, Site Manager

NRC

J. Lennartz, Senior Resident Inspector

ITEMS OPENED, CLOSED, AND DISCUSSED

Opened

None

Closed

None

Discussed

None

INSPECTION PROCEDURES USED

71130.01	Access Authorization (AA) Program (Behavior Observation)
71130.02	Access Control (Search of Personnel, Packages, and Vehicles: Identification and Authorization)
71151.00	Performance Indicator Verification

LIST OF DOCUMENTS REVIEWED

Intrusion Alarm Zone Out-of-Service Log, August 1999 - March 2000
Security Equipment Out-of-Service Log, August 1999 - March 2000
Security Event Logs, April 1999 - March 2000
Condition Reports, October 1999 - March 2000
Maintenance Work Requests, October 1999 - March 2000
Plant Access Training Log, March 2000
Palisades Nuclear Training -(FFD Lesson Plan PAT-G-108)
Nuclear Performance (Access Authorization Audit - September 16, 1998)
Property Protection Audits (February 11, 2000, March 8, 2000)
Fitness-For-Duty Audits (January 1998, October 1999)
Security Implementing Procedures: No. 18, Revision 24, "Security System and Equipment Testing"; No. 7, Revision 8, "Photo Badging Process;" No. 10.24, Access Authorization;" and No. 16, "Locks, Keys and Magnetic Locking Devices"
Palisades Security Audits, April 1998, PA-98-06 and April 1999, PA-99-03
Field Observation Reports, January 1999 - January 2000
Field Monitoring Reports, January 1999 - December 1999
Self-Assessment Reports, January 1999 - December 1999